(d) if not, the steps proposed by Government to mop up the eroded amount as well as to stop further erosion?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes, Sir.

(b) The share prices of the Companies in Petroleum and Oil Sector are on the decline internationally. The share price movement in the Capital Markets cannot be attributed to any single factor and it is not possible to identify the precise reason for the decline in the share prices of Oil Companies.

(c) and (d) Do not arise.

Bad Debts Written off by Banks and FIs

1484. SHRI J. CHITHARANJAN:
SHRI GURUDAS DAS GUPTA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Non-performing Assets (NPAs) of Banks and Financial Institutions have grown alarmingly recently;

(b) if so, the details of the bad debts written off by each of the public sector banks and financial institutions as on 31st December, 1998 and how do they compare with that on 31st December, 1997; and

(c) what steps are being taken to control the overgrowing rate of NPAs?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M. R. JANARTHANAN): (a) The non-performing assets (NPAs) of public sector banks have come down in percentage terms. The net NPAs of public sector banks have come down from 9.18% as on 31.3.1997 to 8.15% as on 31.3.1998. In the case of the financial institutions the net NPAs have come down between 31.3.1997 and 31.3.1998 as detailed below:

NPA (NET OF PROVISIONING & WRITTEN OFF)

AS PERCENTAGE OF TOTAL LOANS		
Name of the FI	31.3.1997	31.3.1998
IDBI	10.3	10.1
ICICI	7.8	7.7
IFCI	13.9	13.6
IIBI	17.6	12.7

RBI has reported that the information regarding non-performance assets (NPAs) and bad debts written off are compiled as on 31st March every year. Information regarding bad debts written off by the public sector banks, IDBI, ICICI, IIBI and IFCI during the last two years i.e. 1996-97 and 1997-98 is given in the Statement (*See* below).

(b) Reserve Bank of India/Government have advised the banks to take steps not only to check the incidence of fresh NPAs but also to take effective measures for recovery of existing NPAs. Steps taken by the Banks/Reserve Bank of India/Government inter-alia include the following:—

(i) At the instance of Reserve Bank of India/Government, banks have laid down their loan policy and loan recovery policy.

(ii) Banks have set up Recovery Cells at their Head Offices. Branch-wise recovery targets are fixed and recovery is monitored by the Recovery Cell. Recovery performance is reviewed at different levels within the banks.

(iii) Ten Debt Recovery Tribunal and one Debt Recovery Appellate Tribunal have been set up by the Government.

(iv) Banks are recovering NPAs through negotiated settlements which envisage that recovery is to the maximum extent possible at the

minimum expense and in a reasonable timeframe.

(v) In order to contain fresh NPAs, credit appraisal skills are being upgraded on a continuing basis.

(vi) the RBI has also set up a Working Group under the Chairmanship of Shri M.S. Verma, former Chairman, State Bank of India, for revival of weak public sector banks, with the following terms of reference:

(a) Criteria for identification of weak public sector banks;

(b) To study and examine the problems of weak banks;

(c) To undertake a case by case examination of the weak banks and to identify those which are potentially revivable.

(d) To suggest a strategic plan of financial, organisational and operational restructuring for weak public sector banks.

(c) Financial institutions are normally expected to discuss the development in respect of NPAs in the periodical review meetings which are attended to by the top management. Financial Institutions have set-up Special Recovery Cell for recovery of all dues. If incipient sickness is noticed in any unit, corrective measures are taken which include reshedulement deferment of instalments, waiver of penal interest etc. With the establishment of Debt Recovery Tribunals, the Financial Institutions are also getting cases transferred from Civil Courts to the Tribunals.

Statement

Bad debts written off by the Public Sector banks during the last two years

(Amount Rs. in crores)

Sr. No.	Name of the bank	1996-97	1997-98
A	**State Bank Group**		
1	State Bank of India	293.67	666.80
2	State Bank of Bikaner & Jaipur	26.45	51.40
3	State Bank of Hyderabad	136.69	9.46
4	State Bank of Indore	26.02	NA
5	State Bank of Mysore	12.09	9.16
6	State Bank of Patiala	19.62	89.07
7	State Bank of Saurashtra	2.38	18.69
8	State Bank of Travancore	36.29	33.50
B	**Nationalised Banks**		
9	Allahabad Bank	21.39	46.61
10	Andhra Bank	37.42	72.58
11	Bank of Baroda	70.17	157.30
12	Bank of India	217.15	309.29
13	Bank of Maharashtra	47.30	121.26
14	Canara Bank	18.20	47.18
15	Central Bank of India	156.83	154.62
16	Corporation Bank	0.94	13.69
17	Dena Bank	58.76	67.87
18	Indian Bank	10.28	1.37

Sr. No.	Name of the bank	1996-97	1997-98
19	Indian Overseas Bank	375.73	201.76
20	Oriental Bank of Commerce	46.22	0.13
21	Punjab National Bank	150.34	372.70
22	Punjab & Sind Bank	9.93	16.98
23	Syndicate Bank	58.79	109.16
24	Union Bank of India	30.57	16.55
25	UCO Bank	220.57	176.34
26	United Bank of India	65.48	29.90
27	Vijya Bank	12.72	6.72
	TOTAL	2162.00	2800.12
	Financial Institutions		
1. I-DBI		29.98	270.91
2. I-CICI*		157.95	241.02
3. II-BI		6.70	6.70
4. IF-CI		159.91	399.70

*For April to December

CVC's view on NPAs of Banks

1485. SHRI J. CHITHARANJAN:
SHRI GURUDAS DAS GUPTA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the view expressed by the Central Vigilance Commissioner while speaking at a seminar on computerisation in banks that large portion of non-performing assets of banks and financial institutions are a result of connivance between banks' officials and corporates;

(b) if so, the details thereof and Government's reaction thereto; and

(c) what are the details of the NPAs of the public sector banks and financial institutions, bank-wise, as per the latest estimate available and out of this how much is owed by corporate sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) and (b) the Central Vigilance Commissioner, while speaking in a seminar on computerisation on 22.1.1999 stated that "from a common man's perspective our banking system has become a convenient ground for exploitation by unscrupulous industrialists".

Advances of banks turn non-performing due to a variety of factors such as deficiencies in credit apparaisal, non-observance of norms for sanction of loans and laxity in post-disbursement supervi-